

**DRAFT ONLY
NOT APPROVED FOR
INTRODUCTION**

SENATE FILE NO. [BILL NUMBER]

Financial technology sandbox.

Sponsored by: SDraft Committee

A BILL

for

1 AN ACT relating to trade and commerce; making legislative
2 findings; creating the financial technology sandbox for the
3 testing of financial products and services in Wyoming;
4 authorizing limited waivers of specified statutes and rules
5 under certain conditions; establishing standards and
6 procedures for sandbox applications and operations;
7 authorizing reciprocity agreements with other regulators;
8 requiring criminal history background checks; creating an
9 account; requiring a consumer protection bond; specifying
10 standards for the suspension or revocation of sandbox
11 authorization; authorizing rules and orders; requiring the
12 adoption of rules; and providing for effective dates.

13

1 *Be It Enacted by the Legislature of the State of Wyoming:*

2

3 **Section 1.**

4

5 (a) The legislature finds the following:

6

7 (i) Financial technology is undergoing a
8 transformational period in which new technologies are
9 providing greater automation, connectivity and transparency
10 for financial products and services;

11

12 (ii) Existing legal frameworks are restricting
13 financial technology innovation because these frameworks were
14 largely established at a time when technology was not a
15 fundamental component of financial products and services;

16

17 (iii) Financial technology innovators require a
18 supervised, flexible regulatory sandbox to test new products
19 and services using waivers of specified statutes or rules
20 under defined conditions;

21

22 (iv) Jurisdictions which establish regulatory
23 sandboxes are more likely to provide a welcoming business

1 environment for technology innovators and may experience
2 significant business growth;

3
4 (v) Arizona, Illinois and the United Kingdom have
5 enacted, or are considering, regulatory sandboxes for
6 financial technology innovators in their jurisdictions;

7
8 (vi) The state of Wyoming currently offers one of
9 the best business environments in the United States for
10 blockchain and financial technology innovators, and should
11 offer a regulatory sandbox for these innovators to develop
12 the next generation of financial technology products and
13 services in Wyoming.

14
15 **Section 2.** W.S. 40-28-101 through 40-28-109 are created
16 to read:

17
18 CHAPTER 28

19 FINANCIAL TECHNOLOGY SANDBOX

20
21 **40-28-101. Short title.**
22

1 This act may be cited as the "Financial Technology Sandbox
2 Act."

3

4 **40-28-102. Definitions.**

5

6 (a) As used in this act:

7

8 (i) "Blockchain" means a digital ledger or
9 database which is chronological, consensus-based,
10 decentralized and mathematically verified in nature;

11

12 (ii) "Commissioner" means the state banking
13 commissioner;

14

15 (iii) "Consumer" means a person, whether a natural
16 person or a legal entity, in Wyoming who purchases or enters
17 into an agreement to receive an innovative financial product
18 or service made available through the financial technology
19 sandbox;

20

21 (iv) "Financial product or service" includes a
22 product or service related to finance, including banking,
23 securities, consumer credit or money transmission, which is

1 subject to statutory or rule requirements identified in W.S.
2 40-28-103(a) and is under the jurisdiction of the
3 commissioner or secretary;

4
5 (v) "Financial technology sandbox" means the
6 program created by this act which allows a person to make an
7 innovative financial product or service available to
8 consumers during a sandbox period through a waiver of existing
9 statutory or rule requirements, or portions thereof, by the
10 commissioner or secretary;

11
12 (vi) "Innovative" means new or emerging
13 technology, or new uses of existing technology, that provides
14 a product, service, business model or delivery mechanism to
15 the public and has no substantially comparable, widely
16 available analogue in Wyoming, including blockchain
17 technology;

18
19 (vii) "Sandbox period" means the period of time,
20 initially not longer than twenty-four (24) months, in which
21 the commissioner or secretary has authorized an innovative
22 financial product or service to be made available to

1 consumers, which shall also encompass any extension granted
2 under W.S. 40-28-108;

3
4 (viii) "Secretary" means the secretary of state;

5
6 (ix) "This act" means W.S. 40-28-101 through
7 40-28-109.

8
9 **40-28-103. Financial technology sandbox waiver;**
10 **applicability of criminal and consumer protection statutes;**
11 **referral to attorney general; civil liability.**

12
13 (a) Notwithstanding any other provision of law, a
14 person who makes an innovative financial product or service
15 available to consumers in the financial technology sandbox
16 may be granted a waiver of specified requirements imposed by
17 statute or rule, or portions thereof, if these statutes or
18 rules do not currently permit the product or service to be
19 made available to consumers. A waiver under this subsection
20 shall be no broader than necessary to accomplish the purposes
21 and standards set forth in this act, as determined by the
22 commissioner or secretary. The following statutes, and the
23 rules adopted under them, or portions of these statutes or

1 rules, may be waived by the commissioner or secretary for the
2 sandbox period, upon receipt and approval of an application
3 made pursuant to W.S. 40-28-104:

4
5 (i) W.S. 13-1-101 through 13-2-904 *[general*
6 *provisions and organization of banks];*

7
8 (ii) W.S. 13-5-101 through 13-5-219 *[trust companies*
9 *and chartered family trust companies];*

10
11 (iii) W.S. 17-4-201 through 17-4-412 *[securities];*

12
13 (iv) W.S. 17-16-101 through 17-16-1810, provided
14 that no provisions relating to the liability of
15 incorporators, directors and officers shall be eligible for
16 a waiver *[Wyoming Business Corporation Act];*

17
18 (v) W.S. 17-28-101 through 17-28-111 *[registered*
19 *offices and agents];*

20
21 (vi) W.S. 17-29-101 through 17-29-1105, provided
22 that no provisions relating to the liability of organizers,

1 managers and members shall be eligible for a waiver *[Wyoming*
2 *Limited Liability Company Act]*;

3

4 (vii) W.S. 40-14-101 through 40-14-702 *[consumer*
5 *credit]*;

6

7 (viii) W.S. 40-21-101 through 40-21-119 *[Uniform*
8 *Electronic Transactions Act]*;

9

10 (ix) W.S. 40-22-101 through 40-22-129 *[Money*
11 *Transmitters Act]*;

12

13 (x) W.S. 40-23-101 through 40-23-133 *[Residential*
14 *Mortgage Practices Act]*.

15

16 (b) A person who makes an innovative financial product
17 or service available to consumers in the financial technology
18 sandbox is:

19

20 (i) Not immune from civil damages for acts and
21 omissions relating to this act; and

22

1 (ii) Subject to all criminal and consumer
2 protection laws, including W.S. 40-12-101 through 40-12-114.

3
4 (c) The commissioner or secretary may refer suspected
5 violations of law relating to this act to the attorney general
6 or appropriate federal agencies for investigation,
7 prosecution, civil penalties and other appropriate
8 enforcement actions.

9
10 **40-28-104. Financial technology sandbox application;**
11 **standards for approval; consumer protection bond.**

12
13 (a) A person shall apply to the commissioner or
14 secretary to make an innovative financial product or service
15 available to consumers in the financial technology sandbox,
16 based on the office that administers the statute or rule, or
17 portion thereof, for which a waiver is sought. If both the
18 commissioner and the secretary jointly administer a statute
19 or rule, or if the appropriate office is not known, an
20 application may be filed with either the commissioner or the
21 secretary. If an application is filed with an office that
22 does not administer the statute or rule for which a waiver is
23 sought, the receiving office shall immediately forward the

1 application to the correct office. The person shall specify
2 in an application the statutory or rule requirements for which
3 a waiver is sought, and the reasons why these requirements
4 prohibit the innovative financial product or service from
5 currently being made available to consumers. The application
6 shall also contain the elements required for authorization
7 which are set forth in subsection (f) of this section. The
8 commissioner and secretary shall each, by rule, prescribe a
9 method of application.

10
11 (b) A business entity making an application under this
12 section shall be a domestic corporation or other organized
13 domestic entity with a physical presence, other than that of
14 a registered office or agent, in Wyoming.

15
16 (c) Before an employee applies on behalf of an
17 institution, firm or other business entity intending to make
18 an innovative financial product or service available through
19 the financial technology sandbox, the employee shall obtain
20 the consent of the institution, firm or business entity before
21 filing an application under this section.

1 (d) The individual filing an application under this
2 section and the individuals who are substantially involved in
3 the development, operation or management of the innovative
4 financial product or service shall, as a condition of an
5 application, submit to a criminal history background check
6 pursuant to W.S. 7-19-201.

7
8 (e) An application made under this section shall be
9 accompanied by a fee of five hundred dollars (\$500.00). The
10 fee shall be deposited into the financial technology
11 innovation account as provided in W.S. 40-28-105.

12
13 (f) The commissioner or secretary, as applicable, shall
14 authorize or deny a financial technology sandbox application
15 in writing within ninety (90) days of receiving the
16 application. The commissioner or secretary and the person who
17 has made an application may jointly agree to extend the time
18 beyond ninety (90) days. The commissioner or secretary may
19 impose conditions on any authorization, consistent with this
20 act. In deciding to authorize or deny an application under
21 this subsection, the commissioner or secretary shall consider
22 each of the following:

1 (i) The nature of the innovative financial product
2 or service proposed to be made available to consumers in the
3 sandbox, including all relevant technical details, which may
4 include whether the product or service utilizes blockchain
5 technology;

6
7 (ii) The potential risk to consumers and methods
8 which will be used to protect consumers and resolve complaints
9 during the sandbox period;

10
11 (iii) A business plan proposed by the person,
12 including whether adequate capital has been arranged and
13 whether the business plan has a meaningful chance of success;

14
15 (iv) Whether the person has the necessary
16 personnel, adequate financial and technical expertise and a
17 sufficient plan to test, monitor and assess the innovative
18 financial product or service;

19
20 (v) Whether any person substantially involved in
21 the development, operation or management of the innovative
22 financial product or service has been convicted of, or is

1 currently under investigation for fraud, state or federal
2 securities violations or any property based offense;

3
4 (vi) Any other factor that the commissioner or
5 secretary determines to be relevant.

6
7 (g) If an application is authorized under subsection
8 (f) of this section, the commissioner or secretary shall
9 specify the statutory or rule requirements, or portions
10 thereof, for which a waiver is granted and the length of the
11 initial sandbox period, consistent with W.S.
12 40-28-102(a)(vii). The commissioner or secretary shall also
13 post notice of the approval of a sandbox application under
14 this subsection, a summary of the innovative financial
15 product or service and the contact information of the person
16 making the product or service available through the sandbox
17 on the internet website of the commissioner or secretary.

18
19 (h) A person authorized under subsection (f) of this
20 section to enter into the financial technology sandbox shall
21 post a consumer protection bond with the commissioner or
22 secretary as security for potential losses suffered by
23 consumers. The bond amount shall be determined by the

1 commissioner or secretary in an amount not less than ten
2 thousand dollars (\$10,000.00) and shall be commensurate with
3 the risk profile of the innovative financial product or
4 service. The commissioner or secretary may require that a
5 bond under this subsection be increased or decreased at any
6 time based on risk profile. Unless a bond is enforced under
7 W.S. 40-28-109(b)(ii), the commissioner or secretary shall
8 cancel or allow the bond to expire two (2) years after the
9 date of the conclusion of the sandbox period.

10
11 (j) A person authorized under subsection (f) of this
12 section to enter into the financial technology sandbox shall
13 be deemed to possess an appropriate license for the purposes
14 of federal law requiring state licensure or authorization.
15 Authorization under subsection (f) of this section shall not
16 be construed to create a property right.

17
18 **40-28-105. Financial technology innovation account.**

19
20 (a) There is created the financial technology
21 innovation account. Funds within the account shall only be
22 expended by legislative appropriation. All funds within the
23 account shall be invested by the state treasurer and all

1 investment earnings from the account shall be credited to the
2 general fund. The account shall be divided into two (2)
3 subaccounts controlled by the commissioner and secretary,
4 respectively, for the purposes of administrative management.
5

6 (b) Subject to legislative appropriation, application
7 fees remitted to the account pursuant to W.S. 40-28-104(e)
8 shall be deposited into the subaccount controlled by the
9 commissioner or secretary, as applicable, based on the
10 receiving official. These funds, and any additional funds
11 appropriated by the legislature, shall be used only for the
12 purposes of administering this act, include processing of
13 sandbox applications and monitoring, examination and
14 enforcement activities relating to this act.
15

16 **40-28-106. Operation of financial technology sandbox.**
17

18 (a) Except as otherwise provided by W.S. 40-28-108, a
19 person authorized under W.S. 40-28-104(f) to enter into the
20 financial technology sandbox may make an innovative financial
21 product or service available to consumers during the sandbox
22 period.
23

1 (b) The commissioner or secretary may, on a case by
2 case basis, specify the maximum number of consumers permitted
3 to receive an innovative financial product or service, after
4 consultation with the person authorized under W.S.
5 40-28-104(f) to make the product or service available in the
6 financial technology sandbox.

7
8 (c) Before a consumer purchases or enters into an
9 agreement to receive an innovative financial product or
10 service through the financial technology sandbox, the person
11 making the product or service available shall provide a
12 written statement of the following to the consumer:

13
14 (i) The name and contact information of the person
15 making the product or service available to consumers;

16
17 (ii) That the product or service has been
18 authorized to be made available to consumers for a temporary
19 period by the commissioner or secretary, as applicable, under
20 the laws of Wyoming;

21

1 (iii) That the state of Wyoming does not endorse
2 the product or service and is not subject to liability for
3 losses or damages caused by the product or service;

4
5 (iv) That the product or service is undergoing
6 testing, may not function as intended and may entail financial
7 risk;

8
9 (v) That the person making the product or service
10 available to consumers is not immune from civil liability for
11 any losses or damages caused by the product or service;

12
13 (vi) The expected end date of the sandbox period;

14
15 (vii) The name and contact information of the
16 commissioner or secretary, as applicable, and notification
17 that suspected legal violations, complaints or other comments
18 related to the product or service may be submitted to the
19 commissioner or secretary;

20
21 (viii) Any other statements or disclosures
22 required by rule of the commissioner or secretary which are
23 necessary to further the purposes of this act.

1

2 (d) A person shall keep comprehensive records relating
3 to an innovative financial product or service made available
4 to consumers in the financial technology sandbox and shall
5 maintain these records for not less than five (5) years after
6 the conclusion of the sandbox period. The commissioner and
7 secretary may specify records requirements under this
8 subsection by rule.

9

10 (e) The commissioner or secretary, as applicable, may
11 examine the records maintained under subsection (d) of this
12 section at any time, with or without notice. All direct and
13 indirect costs of an examination conducted under this
14 subsection shall be paid by the person making the innovative
15 financial product or service available in the financial
16 technology sandbox. Records made available to the
17 commissioner or secretary under this subsection shall be
18 confidential and shall not be subject to disclosure under the
19 Wyoming Public Records Act, W.S. 16-4-201 through 16-4-205,
20 but may be released to the attorney general and appropriate
21 federal agencies for the purposes of investigation.

22

1 (f) Unless granted an extension pursuant to W.S.
2 40-28-108, not less than thirty (30) days before the
3 conclusion of the sandbox period, a person who makes an
4 innovative financial product or service available in the
5 financial technology sandbox shall provide written
6 notification to consumers regarding the conclusion of the
7 sandbox period and shall not make the product or service
8 available to any new consumers after the conclusion of the
9 sandbox period until legal authority outside of the sandbox
10 exists to make the product or service available to consumers.
11 The person shall wind down operations with existing consumers
12 within sixty (60) days after the conclusion of the sandbox
13 period, except that, after the sixtieth day, the person may:

14

15 (i) Collect and receive money owed to the person
16 and service loans made by the person, based on agreements
17 with consumers made before the conclusion of the sandbox
18 period;

19

20 (ii) Take necessary legal action; and

21

22

1 (iii) Take other actions authorized by the
2 commissioner or secretary by rule which are not inconsistent
3 with this subsection.
4

5 (g) The commissioner and the secretary may, jointly or
6 separately, enter into agreements with state, federal or
7 foreign regulatory agencies to allow persons who make an
8 innovative financial product or service available in Wyoming
9 through the financial technology sandbox to make their
10 products or services available in other jurisdictions and to
11 allow persons operating in similar financial technology
12 sandboxes in other jurisdictions to make innovative financial
13 products and services available in Wyoming under the
14 standards of this chapter.
15

16 **40-28-107. Revocation or suspension of financial**
17 **technology sandbox authorization.**
18

19 (a) The commissioner or secretary may, by order, revoke
20 or suspend authorization granted to a person under W.S.
21 40-28-104(f) if:
22

1 (i) The person has violated or refused to comply
2 with this act or any lawful rule, order or decision adopted
3 by the commissioner or secretary;

4
5 (ii) A fact or condition exists that, if it had
6 existed or become known at the time of the financial
7 technology sandbox application, would have warranted denial
8 of the application or the imposition of material conditions;

9
10 (iii) A material error, false statement,
11 misrepresentation or material omission was made in the
12 financial technology sandbox application; or

13
14 (iv) After consultation with the person, continued
15 testing of the innovative financial product or service would:

16
17 (A) Be likely to harm consumers; or

18
19 (B) No longer serve the purposes of this act
20 because of the financial or operational failure of the product
21 or service.

22

1 (b) Written notification of a revocation or suspension
2 order made under subsection (a) of this section shall be
3 served using any means authorized by law, and if the notice
4 concerns a suspension, include any conditions or remedial
5 action which shall be completed before the suspension will be
6 lifted by the commissioner or secretary.

7
8 **40-28-108. Extension of sandbox period.**
9

10 (a) A person granted authorization under W.S.
11 40-28-104(f) may apply for an extension of the initial sandbox
12 period for not more than twelve (12) additional months. An
13 application for an extension shall be made not later than
14 sixty (60) days before the conclusion of the initial sandbox
15 period specified by the commissioner or secretary. The
16 commissioner or secretary shall approve or deny the
17 application for extension in writing not later than
18 thirty-five (35) days before the conclusion of the initial
19 sandbox period. An application for extension by a person shall
20 cite one (1) of the following reasons as the basis for the
21 application and provide all relevant supporting information:
22

1 (i) That statutory or rule amendments are
2 necessary to conduct business in Wyoming on a permanent basis;

3

4 (ii) That an application for a license or other
5 authorization required to conduct business in Wyoming on a
6 permanent basis has been filed with the appropriate office
7 and approval is currently pending.

8

9 **40-28-109. Rules and orders; enforcement of bond;**
10 **restitution; applicability of Wyoming Administrative**
11 **Procedure Act.**

12

13 (a) The commissioner and secretary shall each adopt
14 rules to implement this act. The rules adopted by the
15 commissioner and secretary under this subsection shall be as
16 consistent as reasonably possible, but shall account for
17 differences in the statutes and programs administered by the
18 commissioner and secretary.

19

20 (b) The commissioner or secretary may:

21

1 (i) Issue all necessary orders to enforce this
2 act, including ordering the payment of restitution, and
3 enforce these orders in any court of competent jurisdiction;
4

5 (ii) Issue an order under paragraph (i) of this
6 subsection to enforce the bond posted under W.S.
7 40-28-104(h), or a portion of this bond, and use proceeds
8 from the bond to offset losses suffered by consumers as a
9 result of an innovative financial product or service.
10

11 (c) All actions of the commissioner or secretary under
12 this act shall be subject to the Wyoming Administrative
13 Procedure Act.
14

15 **Section 3.** W.S. 7-19-106(a) by creating a new paragraph
16 (xxx), 7-19-201(a) by creating a new paragraph (xxvi),
17 13-1-201, 13-5-203, 17-4-105, 17-16-102, 17-28-111,
18 17-29-107, 40-14-106 by creating a new subsection (f),
19 40-21-104, 40-22-104 by creating a new subsection (b) and
20 40-23-105 by creating a new subsection (b) are amended to
21 read:
22

23 **7-19-106. Access to, and dissemination of, information.**

1

2 (a) Criminal history record information shall be
3 disseminated by criminal justice agencies in this state,
4 whether directly or through any intermediary, only to:

5

6 (xxx) The banking commissioner or the secretary of
7 state for purposes of obtaining background information on
8 persons specified in W.S. 40-28-104(d) as part of a financial
9 technology sandbox application.

10

11 **7-19-201. State or national criminal history record**
12 **information.**

13

14 (a) The following persons shall be required to submit
15 to fingerprinting in order to obtain state and national
16 criminal history record information:

17

18 (xxvi) Persons specified in W.S. 40-28-104(d) as
19 part of a financial technology sandbox application.

20

21 **13-1-201. General applicability.**

22

1 (a) This act applies to all banks in this state
2 organized under this act and to national banks where
3 specifically provided by the text.

4
5 (b) The Financial Technology Sandbox Act, W.S.
6 40-28-101 through 40-28-109, shall apply to this act.

7
8 **13-5-203. Applicability.**

9
10 (a) Except as otherwise provided in this article, a
11 chartered family trust company is subject to the provisions
12 of Wyoming statutes, title 13, chapter 5.

13
14 (b) The Financial Technology Sandbox Act, W.S.
15 40-28-101 through 40-28-109, shall apply to this article.

16
17 **17-4-105. Electronic records and signatures;**
18 **applicability.**

19
20 (a) This act modifies, limits, and supersedes the
21 federal Electronic Signatures in Global and National Commerce
22 Act, but does not modify, limit, or supersede section 101(c)
23 of that act (15 U.S.C. § 7001(c)) or authorize electronic

1 delivery of any of the notices described in section 103(b) of
2 that act (15 U.S.C. § 7003(b)). This act authorizes the filing
3 of records and signatures, when specified by provisions of
4 this act or by a rule adopted or order issued under this act,
5 in a manner consistent with section 104(a) of that act (15
6 U.S.C. § 7004(a)).

7
8 (b) The Financial Technology Sandbox Act, W.S.
9 40-28-101 through 40-28-109, shall apply to this act.

10
11 **17-16-102. Reservation of power to amend or repeal;**
12 **applicability.**

13
14 (a) The legislature has power to amend or repeal all or
15 part of this act at any time and all domestic and foreign
16 corporations subject to this act are governed by the amendment
17 or repeal.

18
19 (b) The Financial Technology Sandbox Act, W.S.
20 40-28-101 through 40-28-109, shall apply to this act.

21
22 **17-28-111. Rules and regulations; applicability.**

1 (a) The secretary of state shall have the power
2 reasonably necessary to perform the duties required of him by
3 this chapter. The secretary of state shall promulgate
4 reasonable rules and regulations necessary to carry out the
5 purposes of this chapter.

6
7 (b) The Financial Technology Sandbox Act, W.S.
8 40-28-101 through 40-28-109, shall apply to this chapter.

9
10 **17-29-107. Supplemental principles of law;**
11 **applicability.**

12
13 (a) Unless displaced by particular provisions of this
14 chapter, the principles of law and equity supplement this
15 chapter.

16
17 (b) The Financial Technology Sandbox Act, W.S.
18 40-28-101 through 40-28-109, shall apply to this chapter.

19
20 **40-14-106. Waiver; agreement to forego rights;**
21 **settlement of claims; legal rate of interest; applicability.**

1 (f) The Financial Technology Sandbox Act, W.S.
2 40-28-101 through 40-28-109, shall apply to this act.

3

4 **40-21-104. Applicability.**

5

6 (a) This act applies to any electronic record or
7 electronic signature created, generated, sent, communicated,
8 received or stored on or after July 1, 2001.

9

10 (b) The Financial Technology Sandbox Act, W.S.
11 40-28-101 through 40-28-109, shall apply to this act.

12

13 **40-22-104. Exemptions; applicability.**

14

15 (b) The Financial Technology Sandbox Act, W.S.
16 40-28-101 through 40-28-109, shall apply to this act.

17

18 **40-23-105. Exemptions from license requirements.**

19

20 (b) The Financial Technology Sandbox Act, W.S.
21 40-28-101 through 40-28-109, shall apply to this act.

22

23

Section 4. Consistent with W.S. 40-28-109(a), the banking commissioner and the secretary of state shall adopt rules to implement this act on or before January 1, 2020, provided these rules shall not take effect until January 1, 2020.

Section 5.

(a) Except as otherwise provided by subsection (b) of this section, this act is effective January 1, 2020.

(b) Section 4 of this act is effective immediately upon completion of all acts necessary for a bill to become law as provided by Article 4, Section 8 of the Wyoming Constitution.

(END)